

CITY OF TRIPOLI
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
& SUPPLEMENTAL INFORMATION
SCHEDULE OF FINDINGS

June 30, 2009

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City of Tripoli

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Denis Ducker	Mayor	January 2010
Madeleine Ambrose	Mayor Pro tem	January 2011
Melvin Bergmann	Council Member	January 2010
Brenda Bergmann	Council Member	January 2010
Fred Homeister	Council Member	January 2011
Randy Kirchhoff	Council Member	January 2010
DeAnn Lahmann	City Clerk/Administrator	Indefinite
Carter Stevens	Attorney	Indefinite

Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council:

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Tripoli, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements listed in the table of contents. These financial statements are the responsibility of the City of Tripoli's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe my audit provides a reasonable basis for my opinion.

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles. Also, as permitted by the Code of Iowa, the accounting records of the City have not been audited for all prior years. Accordingly, I was unable to satisfy myself as to the distribution by fund of the total fund balance at July 1, 2008.

In my opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had I been able to verify the distribution by fund of the total fund balance at July 1, 2008, as discussed in the preceding paragraph, the aforementioned financial statements present fairly, in all material respects, the results of the cash transactions of the funds of the City of Tripoli as of and for the year ended June 30, 2009 on the basis of accounting described in Note 1. Also, in my opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Tripoli as of June 30, 2009, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, I have also issued my report dated July 28, 2010 on my consideration of the City of Tripoli's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 9 and 21 through 22 are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. I applied limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Tripoli's basic financial statements. Other supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in my audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Keith Oltrogge CPA". The signature is stylized and cursive.

Keith Oltrogge
Certified Public Accountant

July 28, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Tripoli provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2009. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2009 FINANCIAL HIGHLIGHTS

- Revenues of the City's governmental activities increased 46% or approximately \$600,000 from fiscal 2008 to fiscal 2009. Property tax decreased approximately \$5,000 and bond proceeds increased \$545,000.
- Disbursements of the City's governmental activities decreased 10.50%, or approximately \$72,000, in fiscal 2009 from fiscal 2008. Public safety and culture and recreation disbursements increased approximately \$26,000 and \$15,000 respectively. Public works disbursements decreased approximately \$102,000
- The City's total cash basis net assets increased 46%, or approximately \$697,000 from June 30, 2008 to June 30, 2009. Of this amount, the assets of the governmental activities increased approximately \$686,000 and the assets of the business type activities increased by approximately \$12,000.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

The Government-wide Financial Statement consists of a Statement of Activities and Net Assets. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide statement by providing information about the most significant funds.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the City's budget for the year.

Other Supplementary Information provides detailed information about the non-major governmental funds.

Basis of Accounting

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-wide Financial Statement

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Activities and Net Assets reports information which helps answer this question.

The Statement of Activities and Net Assets presents the City's net assets. Over time, increases or decreases in the City's net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities and Net Assets is divided into two kinds of activities:

- Governmental Activities include public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.
- Business Type Activities include the waterworks, solid waste, ambulance service and the sanitary sewer system. These activities are financed primarily by user charges.

Fund Financial Statements

The City has three kinds of funds:

1. Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds, and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Road Use Tax and Urban Renewal Tax Increment, 3) the Debt Service Fund, 4) the Capital Projects Fund and 5) the Permanent Fund. The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statements for governmental funds include a statement of cash receipts, disbursements and changes in cash balances.

2. Proprietary funds account for the City's Enterprise Funds. Enterprise Funds are used to report business type activities. The City maintains five Enterprise Funds to provide separate information for the water, sewer, sewer sinking fund, ambulance service and solid waste funds.

The required financial statements for proprietary funds include a statement of cash receipts, disbursements and changes in cash balances.

Reconciliations between the government-wide statement and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities increased from a year ago, increasing from approximately \$815,000 to approximately \$1,513,000. The analysis that follows focuses on the changes in cash balances for governmental activities.

Changes in Cash Basis Net Assets of Governmental Activities		
	Year Ended June 30,	
	2009	2008
Receipts and transfers:		
Program receipts:		
Charges for service	\$ 20,997	\$ 29,528
Operating grants, contributions and restricted interest	54,719	23,907
Capital grants, contributions and restricted interest	-	-
General receipts:		
Property tax	354,642	359,893
Local option sales tax	116,495	114,213
Grants and contributions not restricted to specific purposes	-	-
Unrestricted investment on investments	4,093	3,183
Bond proceeds	545,000	-
Other general receipts	206,251	171,214
Total receipts	\$ 1,302,197	\$ 701,938
Disbursements:		
Public safety	\$ 103,280	\$ 76,820
Public works	125,109	227,058
Health and social services	-	300
Culture and recreation	136,325	121,447
Community and economic development	780	629
General government	114,507	118,436
Debt service	72,458	77,610
Capital projects	61,689	63,913
Total disbursements	\$ 614,148	\$ 686,213
Change in cash basis net assets before transfers	\$ 688,049	\$ 15,725
Transfers, net	-2,353	-3,006
Change in cash basis net assets	\$ 685,696	12,719
Cash basis net assets beginning of year, as restated (Note 13)	418,058	405,339
Cash basis net assets end of year	\$ 1,103,754	\$ 418,058

The City's total receipts for governmental activities increased 46%, or approximately \$600,000. The total cost of all programs and services decreased approximately \$72,000, or 10% with no new programs added this year. The significant increase in receipts was primarily the result of proceeds received from the issuance of general obligation bonds.

The City's property tax receipts decreased approximately \$5,000 in 2009. Based on no change in the total assessed valuation, property tax receipts are budgeted to remain steady next year.

The cost of all governmental activities this year was approximately \$614,000 compared to approximately \$686,000 last year. However, as shown in the Statement of Activities and Net Assets on page 10, the amount taxpayers ultimately financed for these activities was approximately \$592,000 because some of the cost was paid by those directly benefited from the programs (\$20,997) or by other governments and organizations that subsidized certain programs with grants, contributions and restricted interest (\$54,719). Overall, the City's governmental activities program receipts, including intergovernmental aid and fees for service, increased in 2009 from approximately \$289,000 to approximately \$583,000, principally due to bond proceeds received during the year. The City paid for the remaining "public benefit" portion of governmental activities (\$593,000) with taxes (some of which could only be used for certain programs) and other receipts, such as interest and general entitlements.

Changes in Cash Basis Net Assets of Business Type Activities

	Year Ended June 30,	
	2009	2008
Receipts:		
Program receipts:		
Charges for service:		
Solid waste	\$ 86,862	\$ 70,171
Water	96,878	92,553
Sewer	166,598	159,180
Ambulance	76,137	53,939
General receipts:		
Unrestricted interest on investments	3,619	2,094
Bond proceeds	-	-
Other general receipts	23,264	12,000
Total receipts	<u>\$ 453,358</u>	<u>\$ 389,937</u>
Disbursements:		
Solid waste	\$ 103,080	\$ 66,367
Water	85,703	79,293
Sewer	166,150	152,030
Ambulance	89,080	64,399
Total disbursements	<u>\$ 444,013</u>	<u>\$ 362,089</u>
Change in cash basis net assets before transfers	\$ 9,345	\$ 27,848
Transfers, net	<u>2,353</u>	<u>3,006</u>
Change in cash basis net assets	\$ 11,698	\$ 30,854
Cash basis net assets beginning of year, as restated (Note 13)	<u>397,405</u>	<u>366,551</u>
Cash basis net assets end of year	<u>\$ 409,103</u>	<u>\$ 397,405</u>

Total business type activities receipts for the fiscal year were approximately \$409,000 compared to approximately \$397,000 last year. This slight increase was due primarily to an increase in the use of services. The cash balance increased approximately \$12,000 from the prior year because spending was conservative. Total disbursements for the fiscal year increased 18% to approximately \$444,000.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Tripoli completed the year, its governmental funds reported a combined fund balance of \$1,103,754, an increase of more than \$685,000 above last year's total of \$418,058. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- The Special Revenue, Local Option Tax Fund cash balance increased \$63,994 to \$135,641 during the fiscal year. This increase was also attributable to approximately \$116,000 from the local option sales tax received this year. The City intends to use this money to improve infrastructure.
- The Capital Projects, 2009 Street Project Fund was established to account for a major street project. At the end of the fiscal year, the cash balance was \$501,690. The increase was the result of proceeds of \$545,000 receiving from the issuance of general obligation bonds.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Water Fund cash balance increased \$12,447 to \$23,911, due primarily to an increase in the sale of water.
- The Solid Waste Fund cash balance decreased \$16,218 to \$16,986, due to the timing of disbursements.
- The Sewer Fund cash balance increased \$1,534 to \$119,678, due primarily to an increase in the use of services.
- The Sewer Sinking Fund increased \$634 to \$46,732, due to interest income.
- The Ambulance Service Fund increased \$13,306 to 201,796, due to an increase in the use of services.

BUDGETARY HIGHLIGHTS

Over the course of the year, the City amended its budget one time. The amendment was approved on May 18, 2009 and resulted in an increase in operating disbursements in certain City departments. The City had sufficient cash balances to absorb these additional costs.

The City's receipts were \$28,673 more than budgeted. This was primarily due to the City receiving more in property taxes and intergovernmental monies than anticipated, even after the amendments.

Total disbursements were \$81,779 less than the amended budget. However, the actual disbursements for the public safety and culture and recreation functions were \$20,440 and \$16,894 respectively, more than the amended budget. This was primarily due to the additional expenses paid for from the funds that were held separately by the fire department and ambulance service.

DEBT ADMINISTRATION

At June 30, 2009, the City had \$1,564,000 in bonds and other long-term debt outstanding, compared to \$1,120,000 last year, as shown below.

Outstanding Debt at Year-End

	June 30,	
	2009	2008
General obligation bonds and notes	\$ 1,065,000	\$ 570,000
Revenue notes	499,000	550,000
Total	\$ 1,564,000	\$ 1,120,000

Debt increased as a result of issuing general obligation bonds for a street project.

The Constitution of the State of Iowa limits the amount of general obligation debt cities can use to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$1,564,000 is significantly below its constitutional debt limit of approximately \$2,337,000.

ECONOMIC FACTORS AND NEXT YEARS BUDGET AND RATES

The City of Tripoli's elected and appointed officials and citizens considered many factors when setting the fiscal year 2010 budget, tax rates and fees charged for various City activities. One of those factors is the economy.

Inflation in the State continues to be somewhat lower than at the national Consumer Price Index increase. Inflation has been modest here due, in part, to the slowing of the residential housing market and increases in energy prices.

These indicators were taken into account when adopting the budget for the fiscal year 2010. Amounts available for appropriation in the operating budget are approximately \$1.08 million, a decrease of 5% over the final 2009 budget. Miscellaneous Revenues are expected to lead this increase. The City will use this increase in receipts to finance programs we currently offer. Budgeted disbursements are expected to increase approximately \$500,000. Increased health care costs and increases in street construction and maintenance represent the largest increases. The City has added no major new programs or initiatives to the 2010 budget.

If these estimates are realized, the City's budgeted cash balance is expected to increase approximately \$6,000 by the close of 2010.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact DeAnn Lahmann, City Clerk, 303 South Main Street, Tripoli IA 50676.

Basic Financial Statements

City of Tripoli

Statement of Activities and Net Assets – Cash Basis

As of and for the year ended June 30, 2009

	Disbursements	Program Receipts		
		Charges for Service	Operating Grants, Contributions, & Restricted Interest	Capital Grants, Contributions & Restricted Interest
Functions/Programs:				
Governmental activities:				
Public safety	\$ 103,280	\$ -	\$ 14,688	\$ -
Public works	125,109	-	-	-
Health and social services	-	-	-	-
Culture and recreation	136,325	20,997	40,031	-
Community and economic development	780	-	-	-
General government	114,507	-	-	-
Debt service	72,458	-	-	-
Capital projects	61,689	-	-	-
Total governmental activities	\$ 614,148	\$ 20,997	\$ 54,719	\$ -
Business type activities:				
Water	\$ 85,703	\$ 96,878	\$ -	\$ -
Sewer	166,150	166,598	-	-
Sewer sinking fund	-	-	-	-
Solid waste	103,080	86,862	-	-
Ambulance service	89,080	76,137	750	-
Total business type activities	\$ 444,013	\$ 426,475	\$ 750	\$ -
Total	\$ 1,058,161	\$ 447,472	\$ 55,469	\$ -

General Receipts:

Property tax levied for:
 General purposes
 Debt service
 Tax increment financing
 Local option sales tax
 Grants and contributions not restricted to specific purposes
 Unrestricted interest on investments
 Bond proceeds
 Miscellaneous
 Sale of assets
 Transfers
 Total general receipts and transfers

Change in cash basis net assets

Cash basis net assets beginning of year as restated (Note 13)

Cash basis net assets end of year

Cash Basis Net Assets

Restricted:

Streets
 Capital Projects
 Urban renewal purposes
 Debt service

Unrestricted

Total cash basis net assets

See notes to financial statements.

Net (Disbursements) Receipts and
Changes in Cash Basis Net Assets

Governmental Activities	Business Type Activities	Total
\$ -88,592	\$ -	\$ -88,592
-125,109	-	-125,109
-	-	-
-75,297	-	-75,297
-780	-	-780
-114,507	-	-114,507
-72,458	-	-72,458
-61,689	-	-61,689
<u>\$ -538,432</u>	<u>\$ -</u>	<u>\$ -538,432</u>
\$ -	\$ 11,175	\$ 11,175
-	448	448
-	-	-
-	-16,218	-16,218
-	-12,193	-12,193
<u>\$ -</u>	<u>\$ -16,788</u>	<u>\$ -16,788</u>
<u>\$ -538,432</u>	<u>\$ -16,788</u>	<u>\$ -555,220</u>
\$ 305,379	\$ -	\$ 305,379
73,111	-	73,111
18,407	-	18,407
116,495	-	116,495
-	-	-
4,093	3,619	7,712
545,000	-	545,000
163,996	22,514	186,510
-	-	-
-2,353	2,353	-
<u>\$ 1,224,128</u>	<u>\$ 28,486</u>	<u>\$ 1,252,614</u>
\$ 685,696	\$ 11,698	\$ 697,394
418,085	397,405	815,463
<u>\$ 1,103,754</u>	<u>\$ 409,103</u>	<u>\$ 1,512,857</u>
\$ 120,972	\$ -	\$ 120,972
501,690	-	501,690
52,561	-	52,561
19,481	-	19,481
409,050	409,103	818,153
<u>\$ 1,103,754</u>	<u>\$ 409,103</u>	<u>\$ 1,512,857</u>

City of Tripoli

**Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Governmental Funds**

As of and for the year ended June 30, 2009

	Special Revenue			
	General Fund	Employee Benefit Levy	Road Use Tax	Local Option Sales Tax
Receipts:				
Property tax	\$ 230,772	\$ 50,759	\$ -	\$ -
Tax increment financing collections	-	-	-	-
Other city tax	-	-	-	116,495
Licenses and permits	1,845	-	-	-
Use of money and property	3,305	-	-	-
Intergovernmental	32,113	-	108,690	-
Charges for service	20,997	-	-	-
Special assessments	-	-	-	-
Miscellaneous	65,157	-	-	-
Total receipts	\$ 354,189	\$ 50,759	\$ 108,690	\$ 116,495
Disbursements:				
Operating:				
Public safety	\$ 87,592	\$ 15,688	\$ -	\$ -
Public works	34,648	26,017	64,444	-
Health and social services	-	-	-	-
Culture and recreation	123,924	6,819	-	-
Community and economic development	780	-	-	-
General government	92,193	22,314	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Total disbursements	\$ 339,137	\$ 70,838	\$ 64,444	\$ -
Excess (deficiency) of receipts over (under) disbursements	\$ 15,052	\$ -20,079	\$ 44,246	\$ 116,495
Other financing sources (uses):				
Bond proceeds	\$ -	\$ -	\$ -	\$ -
Operating transfers in	-	-	-	-
Operating transfers out	-	-2,353	-	-52,501
Total other financing sources (uses)	\$ -	\$ -2,353	\$ -	\$ -52,501
Net change in cash balances	\$ 15,052	\$ -22,432	\$ 44,246	\$ 63,994
Special item – corrective transfer (Note 15)	-	-	-18,467	-
Cash balances beginning of year, as restated (Note 13)	247,910	-4,735	95,193	71,647
Cash balances end of year	\$ 262,962	\$ -27,167	\$ 120,972	\$ 135,641
Cash Basis Fund Balances				
Reserved:				
Debt service	\$ -	\$ -	\$ -	\$ -
Capital Projects	-	-	-	-
Unreserved:				
General fund	262,962	-	-	-
Special revenue funds	-	-27,167	120,972	135,641
Expendable trust funds	-	-	-	-
Total cash basis fund balances	\$ 262,962	\$ -27,167	\$ 120,972	\$ 135,641

See notes to financial statements.

Debt Service	Capital Projects	Non-Major Funds	Total
\$ 73,111	\$ -	\$ -	\$ 354,642
-	-	18,407	18,407
-	-	-	116,495
-	-	-	1,845
-	-	788	4,093
-	-	-	140,803
-	-	-	20,997
-	-	23,848	23,848
-	-	10,910	76,067
\$ 73,111	\$ -	\$ 53,953	\$ 757,197
\$ -	\$ -	\$ -	\$ 103,280
-	-	-	125,109
-	-	-	-
-	-	5,582	136,325
-	-	-	780
-	-	-	114,507
72,458	-	-	72,458
-	61,689	-	61,689
\$ 72,458	\$ 61,689	\$ 5,582	\$ 614,148
\$ 653	\$ -61,689	\$ 48,371	\$ 143,049
\$ -	\$ 545,000	\$ -	\$ 545,000
-	52,501	-	52,501
-	-	-	-54,854
\$ -	\$ 597,501	\$ -	\$ 542,647
\$ 653	\$ 535,812	\$ 48,371	\$ 685,696
-	33,604	-15,137	-
18,828	-67,726	56,941	418,058
\$ 19,481	\$ 501,690	\$ 90,175	\$ 1,103,754
\$ 19,481	\$ -	\$ -	\$ 19,481
-	501,690	-	501,690
-	-	-	262,962
-	-	58,471	287,917
-	-	31,704	31,704
\$ 19,481	\$ 501,690	\$ 90,175	\$ 1,103,754

City of Tripoli

**Reconciliation of the Statement of Cash
Receipts, Disbursements and Changes in Cash Balances
to the Statement of Activities and Net Assets –
Governmental Funds
As of and for the year ended June 30, 2009**

Total governmental funds cash balances (page)	\$ 1,103,754
<i>Amounts reported for governmental activities in the Statement of Activities and Net Assets are different because:</i>	
None	<u>-</u>
Cash basis net assets of governmental activities (page)	\$ 1,103,754
Net change in cash balances (page)	\$ 685,696
<i>Amounts reported for governmental activities in the Statement of Activities and Net Assets are different because:</i>	
None	<u>-</u>
Change in cash balance of governmental activities (page)	\$ 685,696

See notes to financial statements.

City of Tripoli

**Statement of Cash Receipts, Disbursements and Changes in Cash Balances
Proprietary Funds**

As of and for the year ended June 30, 2009

	Ambulance Service	Sewer	Enterprise Sewer Sinking
Operating receipts:			
Charges for service	\$ 76,137	\$ 166,598	\$ -
Miscellaneous	22,764	-	-
Total operating receipts	\$ 98,901	\$ 166,598	\$ -
Operating disbursements:			
Business type activities	\$ 89,080	\$ 166,150	\$ -
Excess (deficiency) of operating receipts over (under) operating disbursements	\$ 9,821	\$ 448	\$ -
Non-operating receipts:			
Intergovernmental	\$ 500	\$ -	\$ -
Interest on investments	2,985	-	634
Total non-operating receipts (disbursements)	\$ 3,485	\$ -	\$ 634
Excess of receipts over (under) disbursements	\$ 13,306	\$ 448	\$ 634
Operating transfers in	-	1,086	-
Net change in cash balances	\$ 13,306	\$ 1,534	\$ 634
Cash balances beginning of year, as restated (Note 13)	188,490	118,144	46,098
Cash balances end of year	\$ 201,796	\$ 119,678	\$ 46,732
Cash Basis Fund Balances			
Reserved for debt service	\$ -	\$ -	\$ 46,732
Unreserved	201,796	119,678	-
Total cash basis fund balances	\$ 201,796	\$ 119,678	\$ 46,732

See notes to financial statements.

Funds			
	Solid Waste	Water	Total
\$	86,862	\$ 96,878	\$ 426,475
	-	-	22,764
\$	86,862	\$ 96,878	\$ 449,239
\$	103,080	\$ 85,703	\$ 444,013
\$	-16,218	\$ 11,175	\$ 5,226
\$	-	\$ -	\$ 500
	-	-	3,619
\$	-	\$ -	\$ 4,119
\$	-16,218	\$ 11,175	\$ 9,345
	-	1,267	2,353
\$	-16,218	\$ 12,442	\$ 11,698
	33,204	11,469	397,405
\$	16,986	\$ 23,911	\$ 409,103
\$	-	\$ -	\$ 46,732
	16,986	23,911	362,371
\$	16,986	\$ 23,911	\$ 409,103

City of Tripoli

**Reconciliation of the Statement of Cash
Receipts, Disbursements and Changes in Cash Balances
to the Statement of Activities and Net Assets –
Proprietary Funds
As of and for the year ended June 30, 2009**

Total enterprise funds cash balances (page 12)	\$ 409,103
<i>Amounts reported for business type activities in the Statement of Activities and Net Assets are different because:</i>	
None	<u>-</u>
Cash basis net assets of business type activities (page 9)	<u>\$ 409,103</u>
Net change in cash balances (page 12)	\$ 11,698
<i>Amounts reported for business type activities in the Statement of Activities and Net Assets are different because:</i>	
None	<u>-</u>
Change in cash balance of business type activities (page 9)	<u>\$ 11,698</u>

City of Tripoli

Notes to Financial Statements

June 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Tripoli is a political subdivision of the State of Iowa located in Bremer County. It was first incorporated in 1894 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens including public safety, public works, health and social services, culture and recreation, community and economic development, and general government services. The City also provides water, ambulance, sewer, and solid waste utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Tripoli has included all funds, organizations, agencies, board, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City. The City has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Bremer County Assessor's Conference Board, Bremer County Joint E911 Service Board, Bremer County Emergency Management Commission and the Tripoli-Readlyn Sanitation Agency.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Activities and Net Assets reports information on all of the non-fiduciary activities of the City. For the most part, the effect of inter-fund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services.

The Statement of Activities and Net Assets presents the City's non-fiduciary net assets. Net assets are reported in two categories:

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the preceding category. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities and Net Assets demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements – Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major governmental funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue:

The Employee Benefit levy is used to account for payroll taxes and insurance.

The Road Use Tax Fund is used to account for road construction and maintenance.

The Local Option Sales Tax Fund is used to account for local option tax receipts and disbursements.

The Debt Service Fund is utilized to account for the payment of interest and principal on the City's general long-term debt.

The Capital Projects Fund is used to account for capital improvements.

The City reports the following major proprietary funds:

The Water Fund accounts for the operation and maintenance of the City's waterworks system.

The Sewer Fund accounts for the operation and maintenance of the City's waste water treatment and sanitary sewer system.

The Sewer Sinking Fund is maintained for the required debt service reserve.

The Solid Waste Fund accounts for the operation and maintenance of the City's garbage collection system.

The Ambulance Fund accounts for the operation of the City's ambulance service.

C. Measurement Focus and Basis of Accounting

The City of Tripoli maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2009, disbursements exceeded the amounts budgeted in the public safety and culture and recreation functions.

NOTE 2 – CASH AND POOLED INVESTMENTS

The City's deposits in banks at June 30, 2009 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2009, the City had the following investments in Certificates of Deposit:

Certificates of Deposit	Interest Rate	Maturity	Carrying Amount	Fair Value
American Savings Bank	2.50%	12-28-09	\$62,871	\$62,871
American Savings Bank	2.25%	10-21-10	33,081	33,081
American Savings Bank	2.50%	07-21-10	26,466	26,466
American Savings Bank	2.00%	11-25-10	11,241	11,241
American Savings Bank	2.50%	06-03-10	4,265	4,265
American Savings Bank	2.15%	09-23-10	9,512	9,512
American Savings Bank	2.50%	01-17-10	3,647	3,647
American Savings Bank	2.50%	12-25-09	4,647	4,647
American Savings Bank	2.50%	01-21-10	4,757	4,757
American Savings Bank	2.50%	01-17-10	4,000	4,000
American Savings Bank	2.50%	01-21-10	2,798	2,798
American Savings Bank	2.50%	11-25-09	11,253	11,253
American Savings Bank	2.50%	01-06-10	2,944	2,944
American Savings Bank	2.50%	03-18-10	14,000	14,000
American Savings Bank	2.00%	11-25-10	11,241	11,241
American Savings Bank	2.50%	01-17-10	5,000	5,000
American Savings Bank	2.00%	06-30-10	20,504	20,504
American Savings Bank	2.15%	10-18-10	4,836	4,836
American Savings Bank	2.65%	11-19-09	1,000	1,000
American Savings Bank	1.75%	07-19-09	1,000	1,000
American Savings Bank	2.25%	02-24-10	1,000	1,000
American Savings Bank	2.25%	02-12-10	1,000	1,000
American Savings Bank	1.75%	07-19-09	1,000	1,000
			<u>\$242,063</u>	<u>\$242,063</u>

NOTE 2 – CASH AND POOLED INVESTMENTS (continued)

Interest Rate Risk - The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the City.

NOTE 3 – BONDS AND NOTES PAYABLE

Annual debt service requirements to maturity for general obligation bonds and revenue notes are as follows:

Year Ending June 30,	Street Improvement And Refunding General Obligation Bonds		Street Improvement General Obligation Bond		Sewer Lagoon 2000 Revenue Notes	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$50,000	\$20,833	\$-	\$16,311	\$22,000	\$8,350
2011	55,000	19,107	55,000	17,020	23,000	7,487
2012	55,000	17,127	55,000	15,920	24,000	6,586
2013	55,000	15,065	55,000	14,710	25,000	5,645
2014	55,000	12,920	60,000	13,390	26,000	4,665
Thereafter	250,000	31,370	320,000	37,737	93,000	8,427
	<u>\$520,000</u>	<u>\$116,422</u>	<u>\$545,000</u>	<u>\$115,088</u>	<u>\$213,000</u>	<u>\$41,160</u>

Year Ending June 30,	Sewer Lagoon 2000 Revenue Notes		Total	
	Principal	Interest	Principal	Interest
2010	\$31,000	\$11,211	\$103,000	\$56,705
2011	32,000	9,996	165,000	53,610
2012	33,000	8,742	167,000	48,375
2013	34,000	7,448	169,000	42,868
2014	36,000	6,115	177,000	37,090
Thereafter	120,000	10,192	783,000	87,726
	<u>\$286,000</u>	<u>\$53,754</u>	<u>\$1,564,000</u>	<u>\$326,374</u>

The Code of Iowa requires that principal and interest on general obligation bonds be paid from the Debt Service Fund.

Revenue Notes – The City has pledged future sewer customer receipts, net specified operating disbursements, to repay \$307,000 in sewer revenue notes issued in August 2000. Proceeds from the notes provided financing for the construction of sewer lagoon improvement. The notes are payable solely from sewer customer net receipts and are payable through 2020. Annual principal and interest payments on the notes are expected to require less than 20 percent of net receipts. The total principal and interest remaining to be paid on the notes is \$254,160. For the current year, principal and interest paid and total customer net receipts were \$30,173 and \$166,598, respectively.

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay \$409,000 in sewer revenue notes issued in August 2000. Proceeds from the notes provided financing for the construction of improvements to the sewer treatment plant. The notes are payable solely from sewer customer net receipts and are payable through 2020. Annual principal and interest payments on the notes are expected to require less than 20 percent of net receipts. The total principal and interest remaining to be paid on the notes is \$399,704. For the current year, principal and interest paid and total customer net receipts were \$42,387 and \$166,598, respectively.

The resolutions providing for the issuance of the revenue notes include the following provisions:

- a) The notes will only be redeemed from the future earnings of the enterprise activity and the note holders hold a lien on the future earnings of the funds.
- b) Sufficient monthly transfers shall be made to a separate sewer revenue note sinking account within the Enterprise Funds for the purpose of making the note principal and interest payments when due.
- c) Additional monthly transfers to a sewer revenue reserve account within the Enterprise Funds shall be made until specific minimum balances have been accumulated. These accounts are restricted for the purpose of paying for any additional improvements, extensions or repairs to the system.

NOTE 4 – PENSION AND RETIREMENT BENEFITS

The City contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing, multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits, which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Most regular plan members are required to contribute 4.10% of their annual covered salary and the City is required to contribute 6.35% of covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City's contribution to IPERS for the year ended June 30, 2009 was \$11,460, equal to the required contribution for the year.

NOTE 5 – INTER-FUND TRANSFERS

The detail of inter-fund transfers for the year ended June 30, 2009 is as follows:

Transfer to	Transfer from	Amount
Capital Projects	Special Revenue:	
	Local Option Sales Tax	\$ 52,501
Enterprise Fund:	Special Revenue:	
Water	Employee Benefit Levy	1,267
Enterprise Fund:	Special Revenue:	
Sewer	Employee Benefit Levy	1,086
		<u>\$ 54,854</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources.

NOTE 6 – RISK MANAGEMENT

The City of Tripoli is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 7 – DEFICIT FUND BALANCES

The Special Revenue – Employee Benefit Levy had a deficit balance of \$27,167 at June 30, 2009. The deficit balance was a result of increased insurance costs. The deficit will be eliminated upon the receipt of property tax revenues.

The Capital Projects, 2005 Street Project Fund had a deficit balance of \$34,122 at June 30, 2009. The deficit was the result of project costs incurred prior to availability of funds. The deficit will be eliminated upon receipt of the special assessment levy and tax increment financing monies being transferred.

NOTE 8 – COMMITMENTS

At June 30, 2009, the City had entered into contracts of \$470,297 for a street improvement project to be financed from the bond proceeds received during this fiscal year.

NOTE 9 – RELATED PARTIES

During the year ended June 30, 2009, the City had business transactions between the city and city officials totaling \$13,770. These included \$1278 in purchases from council member Ambrose, \$87 in purchases from council member Kirchhoff and \$12,405 in purchases from Mayor Ducker's employers.

NOTE 10 – BANY LIBRARY MEMORIAL

The Library Board has received gifts from Herman Bany, which have been deposited into the Trust and Agency Fund, Bany Library Memorial Account. Stipulations of the gifts require funds to be used for the purchase of non-fiction books. It is the intent of the Library Board to use only the income from the trust principal to purchase the books. The balance in the account at June 30, 2009 totaled \$15,007.

NOTE 11 – 28E AGREEMENT

The City has a 28E Agreement for garbage pick-up service with the City of Readlyn, forming the Tripoli-Readlyn Sanitation Agency. The City paid \$98,658 for services in fiscal year 2009.

NOTE 12 – REVENUE RESERVE BALANCES

Revenue reserve balances are not available for general operating use. They are included with the proprietary funds cash balances on Exhibit D. Cash balances at the end of the year are summarized as follows:

	Amount
Sewer Sinking Fund	\$ 46,732

NOTE 13 – PRIOR PERIOD ADJUSTMENT

The City recorded prior period adjustments to the general fund and enterprise fund, ambulance service. These adjustments add the separately held fire department, parade fund and ambulance service funds to the beginning net assets resulting in an increase of \$4,384 to the enterprise fund, ambulance service and \$19,880 to the general fund.

NOTE 14 – CONTINGENT LIABILITY

As of June 30, 2009, the City has collected \$36,871 of property tax for debt service in excess of the amount required. During fiscal year 2005 the City issued general obligation bonds for refinancing and a street project. A portion of the bonds that were refinanced included \$82,000 of tax increment financing bonds. The City has levied for debt service and tax increment financing on the same \$82,000 of those general obligation bonds during fiscal years 2006 through 2009. In addition, the City collected \$11,870 during fiscal year 2010, which makes the total collected in error \$48,741.

NOTE 15 – SPECIAL ITEM-CORRECTIVE TRANSFER

The City levied a special assessment of \$96,228 for the 2005 street project and has collected \$89,606 of it through June 30, 2009 in a special revenue fund. The transfer applies this special assessment to the Capital Projects Fund, 2005 Street Project. It also adjusts the Capital Projects, 2005 Street Project Fund to its actual balance at June 30, 2009 of (\$34,122). The deficit balance consists of the \$27,500 due from the Special Revenue, Tax Increment Financing Fund and the \$6,622 remaining balance of the 2005 street project's special assessment not yet collected.

NOTE 16 – DUE TO AND DUE FROM OTHER FUNDS

Receivable Fund	Payable Fund	Amount
Capital Projects, 2005 Street Project	Special Revenue, Tax Increment Financing	<u>\$27,500</u>

During fiscal year 2007, the City approved a \$27,500 inter-fund loan between the Capital Projects, 2005 Street Project Fund and the Special Revenue, Tax Increment Financing Fund. As of June 30, 2009, the City has collected \$11,000 of tax increment financing revenue for loan repayment but has not transferred the money.

REQUIRED SUPPLEMENTARY INFORMATION

City of Tripoli

**Budgetary Comparison Schedule
of Receipts, Disbursements, and Changes in Balances –
Budget and Actual (Cash Basis) – All Governmental Funds and Proprietary Funds**

Required Supplementary Information

Year ended June 30, 2009

	Governmental Funds Actual	Proprietary Funds Actual
Receipts:		
Property tax	\$ 354,642	\$ -
Tax increment financing collections	18,407	-
Other city tax	116,495	-
Licenses and permits	1,845	-
Use of money and property	4,093	3,619
Intergovernmental	140,803	500
Charges for service	20,997	426,475
Special assessments	23,848	-
Miscellaneous	76,067	22,764
Total receipts	\$ 757,197	\$ 453,358
Disbursements:		
Public safety	\$ 103,280	\$ -
Public works	125,109	-
Health and social services	-	-
Culture and recreation	136,325	-
Community and economic development	780	-
General government	114,507	-
Debt service	72,458	-
Capital projects	61,689	-
Business type activities	-	444,013
Total disbursements	\$ 614,148	\$ 444,013
Excess (deficiency) of receipts over (under) disbursements	\$ 143,049	\$ 9,345
Other financing sources, net	542,647	2,353
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	\$ 685,696	\$ 11,698
Balances beginning of year, as restated (Note 13)	418,058	397,405
Balances end of year	\$ 1,103,754	\$ 409,103

See accompanying independent auditor's report.

Less Funds not Required to Be Budgeted		Net	Budgeted		Amounts		Final to Net Variance
			Original		Final		
\$	-	\$ 354,642	\$ 339,551	\$	339,551	\$	15,091
	-	18,407	17,695		17,695		712
	-	116,495	114,622		114,622		1,873
	-	1,845	1,500		1,500		345
	-	7,712	3,000		3,000		4,712
	-	141,303	113,612		122,512		18,791
	-	447,472	424,560		424,560		22,912
	-	23,848	-		-		23,848
	41,942	56,889	21,000		116,500		-59,611
\$	41,942	\$ 1,168,613	\$ 1,035,540	\$	1,139,940	\$	28,673
\$	-	\$ 103,280	\$ 72,834	\$	82,834	\$	-20,446
	-	125,109	156,317		167,817		42,708
	-	-	300		300		300
	-	136,325	111,531		119,431		-16,894
	-	780	18,695		18,695		17,915
	-	114,507	113,845		130,845		16,338
	-	72,458	72,458		72,458		-
	-	61,689	102,000		102,000		40,311
	-	444,013	387,560		445,560		1,547
\$	-	\$ 1,058,161	\$ 1,035,540	\$	1,139,940	\$	81,779
\$	41,942	\$ 110,452	\$ -	\$	-	\$	110,452
	-	545,000	-		-		545,000
\$	41,942	\$ 655,452	\$ -	\$	-	\$	655,452
	-	815,463	792,733		792,733		22,730
\$	41,942	\$ 1,470,915	\$ 792,733	\$	792,733	\$	678,182

City of Tripoli

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2009

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except Internal Service Funds and Fiduciary Funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon ten major classes of disbursements known as functions, not by fund or fund type. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business type activities and non-program. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds and Proprietary Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted revenues and disbursements by \$104,400. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2009, disbursements exceeded the amounts budgeted in the public safety and culture and recreation functions.

Other Supplementary Information

City of Tripoli

**Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Non-major Governmental Funds**

As of and for the year ended June 30, 2009

	Special Revenue		
	Tax Increment Financing	Veteran's Memorial	Special Assessment 2005 Street Project
Receipts:			
Property tax	\$ 18,407	\$ -	\$ -
Use of money and property	-	-	-
Special Assessments	-	-	23,848
Miscellaneous		10,910	-
Total receipts	\$ 18,407	\$ 10,910	\$ 23,848
Disbursements:			
Operating:			
Culture and recreation	\$ -	\$ 5,000	\$ -
Excess (deficiency) of receipts over (under) disbursements	\$ 18,407	\$ 5,910	\$ 23,848
Other financing sources and (uses):			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
Net change in cash balances	\$ 18,407	\$ 5,910	\$ 23,848
Special Item – Corrective transfer (Note 15)	-	-	-15,137
Cash balances beginning of year, as restated (note 13)	34,154	-	-8,711
Cash balances end of year	\$ 52,561	\$ 5,910	\$ -
Cash Basis Fund Balances			
Unreserved:			
Special revenue funds	\$ 52,561	\$ 5,910	\$ -
Expendable trust funds	-	-	-
Total cash basis fund balances	\$ 52,561	\$ 5,910	\$ -

See accompanying independent auditor's report.

Expendable Trust			
Bany Memorial Trust	Library Building Trust	Total	
\$ -	\$ -	\$	18,407
351	437		788
-	-		23,848
-	-		10,910
\$ 351	\$ 437	\$	53,953
\$ 582	\$ -	\$	5,582
\$ -231	\$ 437	\$	48,371
-	-		-
-	-		-
\$ -231	\$ 437	\$	48,371
-	-		-15,137
15,238	16,260		56,941
\$ 15,007	\$ 16,697	\$	90,175
\$ -	\$ -	\$	58,471
15,007	16,697		31,704
\$ 15,007	\$ 16,697	\$	90,175

City of Tripoli

**Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Capital Projects Funds**

As of and for the year ended June 30, 2009

	Capital Projects	2009 Street Project	2005 Street Project	Total
Receipts:	\$ -	\$ -	\$ -	\$ -
Disbursements:				
Capital Projects	\$ 52,501	\$ 9,188	\$ -	61,689
Excess (deficiency) of receipts over (under) disbursements	\$ -52,501	\$ -9,188	\$ -	\$ -61,689
Other financing sources:				
Operating transfers in	\$ 52,501	\$ -	\$ -	52,501
Bond proceeds	-	545,000	-	545,00
Total other financing sources	\$ 52,501	\$ 545,000	\$ -	597,501
Net change in cash balances	\$ -	\$ 535,812	\$ -	535,812
Special Item – Corrective transfer (Note 15)	-	-	33,604	33,604
Cash balances beginning of year as restated (Note 13)	-	-	-67,726	-67,726
Cash balances end of year	\$ -	\$ 535,812	\$ -34,122	\$ 501,690
Cash Basis Fund Balances				
Reserved:				
2009 Street Project	\$ -	\$ 535,812	\$ -	535,812
Unreserved:				
Capital Projects Funds	-	-	-34,122	-34,122
Total cash basis fund balances	\$ -	\$ 535,812	\$ -34,812	\$ 501,690

See accompanying independent auditor's report.

City of Tripoli
Schedule of Indebtedness
Year ended June 30, 2009

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General Obligation Bond:			
Street improvement and refunding note	February 15, 2005	2.70-4.50%	\$745,000
Street improvement	June 16, 2009	2.25-3.90%	545,000
Total			<u>\$1,290,000</u>
Revenue Notes:			
Sewer lagoon 2000	August 1, 2000	3.92%	409,000
Sewer lagoon 2000	August 18, 2000	3.92%	307,000
			<u>\$1,063,575</u>

See accompanying independent auditor's report.

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
\$570,000	\$-	\$50,000	\$520,000	\$22,457	\$-
-	545,000	-	545,000	-	-
\$570,000	\$545,000	\$50,000	\$1,065,000	\$22,456	\$-
\$316,000	\$-	\$30,000	\$286,000	\$12,387	\$-
234,000	-	21,000	213,000	9,137	-
\$550,000	\$-	\$51,000	\$499,000	\$21,560	\$-

City of Tripoli
Bond and Note Maturities
June 30, 2009

General Obligation Bonds					
Year Ending June 30,	Street Improvement And Refunding Notes		Street Improvement Notes		Total Amount
	Issued Feb 15, 2005		Issued Jun 16, 2009		
	Interest Rate	Amount	Interest Rate	Amount	
2010	3.45%	\$50,000	2.00%	\$-	\$50,000
2011	3.60%	55,000	2.00%	55,000	110,000
2012	3.75%	55,000	2.20%	55,000	110,000
2013	3.90%	55,000	2.40%	55,000	110,000
2014	4.00%	55,000	2.75%	60,000	115,000
Thereafter	4.10-4.50%	55,000	3.10-4.10%	320,000	570,000
Total		\$720,000		545,000	1,065,000

Revenue Notes					
Year Ending June 30,	Sewer Lagoon 2000		Sewer Lagoon 2000		Total Amount
	Issued Aug 1, 2000		Issued Aug 18, 2000		
	Interest Rate	Amount	Interest Rate	Amount	
2010	3.92%	\$22,000	3.92%	\$31,000	\$53,000
2011	3.92%	23,000	3.92%	32,000	55,000
2012	3.92%	24,000	3.92%	33,000	57,000
2013	3.92%	25,000	3.92%	34,000	59,000
2014	3.92%	26,000	3.92%	36,000	62,000
Thereafter	3.92%	93,000	3.92%	120,000	213,000
Total		213,000		286,000	499,000

See accompanying independent auditor's report.

City of Tripoli

Schedule of Receipts By Source and Disbursements By Function –
All Governmental Funds

For the Last Two Years

	2009	2008
		(Unaudited)
Receipts:		
Property tax	\$ 354,642	\$ 359,893
Tax increment financing collections	18,407	15,090
Other city tax	116,495	114,213
Licenses and permits	1,845	2,085
Use of money and property	4,093	3,183
Intergovernmental	140,803	125,503
Charges for service	20,997	29,528
Special assessments	23,848	16,918
Miscellaneous	76,067	26,437
Bond proceeds	545,000	9,088
Total	<u>\$ 1,302,197</u>	<u>\$ 701,938</u>
Disbursements:		
Operating:		
Public safety	\$ 103,280	\$ 76,820
Public works	125,109	227,058
Health and social services	-	300
Culture and recreation	136,325	121,447
Community and economic development	780	629
General government	114,507	118,436
Debt service	72,458	77,610
Capital projects	61,689	63,913
Total	<u>\$ 614,148</u>	<u>\$ 686,213</u>

See accompanying independent auditor's report.

**Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance
with Government Auditing Standards**

Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance
with Government Auditing Standards

To the Honorable Mayor and
Members of the City Council:

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Tripoli, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements listed in the table of contents and have issued my report thereon dated July 28, 2010. My report expressed qualified, except for, opinions on the financial statements, which were prepared in conformity with an other comprehensive basis of accounting. I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the City of Tripoli's internal control over financial reporting as a basis for designing my audit procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Tripoli's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the City of Tripoli's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as described in the accompanying Schedule of Findings, I identified certain deficiencies in internal control over financial reporting that I consider to be material weaknesses and other deficiencies I consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the City of Tripoli's financial statements will not be prevented or detected and corrected on a timely basis. I consider the deficiencies described in Part I of the accompanying Schedule of Findings as items I-A-09 through I-F-09 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. I consider the deficiencies described in Part I of the accompanying Schedule of Findings as items I-G-09 through I-I-09 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Tripoli's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, I noted certain immaterial instances of non-compliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2009 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the City. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Tripoli and other parties to whom the City of Tripoli may report including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of the City of Tripoli during the course of my audit. Should you have any questions concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.

A handwritten signature in black ink that reads "Keith Oltrogge CPA". The signature is fluid and cursive, with the letters "CPA" being more distinct and upright than the first name.

Keith Oltrogge
Certified Public Accountant

July 28, 2010

City of Tripoli
Schedule of Findings
Year ended June 30, 2009

Part I – Findings Related to the Financial Statements:

MATERIAL WEAKNESSES:

I-A-09 Segregation of Duties

Criteria - One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible.

Condition - The cash receipts listing, bank deposits and the posting of the cash receipts to the cash receipts journal are all done by the same person. The same person writes the checks, mails them and posts them to the cash disbursements journal. The bank reconciliations are also done by the same person.

Cause - I realize segregation of duties is difficult with a limited number of office employees. This is not unusual in an organization your size.

Effect – Limited segregation of duties could result in misstatements that may not be prevented or detected and corrected in a timely manner.

Recommendation –The City should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response – We continue to review procedures and make changes to improve internal control.

Conclusion – Response accepted.

I-B-09 Preparation of Full Disclosure Financial Statements

Criteria – The City cannot rely on independent auditors as a part of their internal control system, including, but not limited to, assistance with journal entries and drafting the financial statements.

Condition – The City has not implemented procedures, to the degree necessary, to perform a review and assume responsibility for the City's financial statements and related disclosures to provide a high level of assurance that potential omissions or other errors would be identified and corrected in a timely manner. In addition, journal entries to adjust accounts were proposed by the independent auditors.

Context - Internal controls over financial reporting include actual preparation and review of financial statements, including footnote disclosure, for external reporting, as required by US generally accepted accounting principles. The City does not have internal resources to prepare the full-disclosure financial statements required by US generally accepted accounting principles for external reporting. While this circumstance is not uncommon for most small governments and non-profit entities, it is the responsibility of management and those charged with governance, to prepare reliable financial data, or accept the risk associated with this condition because of cost or other considerations.

Cause – The City has relied on the independent auditor to some degree to provide assurance the financial statements, including adjusted balances and disclosures, are not materially misstated.

Effect – As a result of these conditions, management and those charged with governance recognize the risk of misstatements to the financial statements could occur and not be detected and corrected in a timely manner.

City of Tripoli

Schedule of Findings

Year ended June 30, 2009

Part I – Findings Related to the Financial Statements:

MATERIAL WEAKNESSES:

I-B-09 Preparation of Full Disclosure Financial Statements (continued):

Recommendation – I recognize that with a limited number of office employees, gaining sufficient knowledge and expertise to properly select and apply accounting principles and prepare full disclosure financial statements for external reporting purposes is difficult. However, I recommend that the City continue to review operating procedures and obtain the internal expertise needed to handle all the aspects of external financial reporting, rather than rely on external assistance.

Response – We recognize our limitations, however it is not fiscally responsible to add additional staff at this time.

Conclusion – Response acknowledged.

I-C-09 Supporting Documentation

Criteria – Article III, Section 31 of the Constitution of the State of Iowa provides public funds may only be spent for the public benefit. Adequate documentation is vital to support the public purpose of each transaction.

An important aspect of internal control is to establish procedures that provide accountability for assets susceptible to loss from errors or irregularities.

Condition - For fifteen of eighteen transactions tested from the separate Ambulance checking account, there was no documentation to support the purchase. For one of seven transactions tested from the separate Fire Department checking account, there was no documentation to support the purchase. For two of ten transactions tested from the separate Fun Days Parade checking account, there was no documentation to support the purchase. For one of the ten transactions tested from the separate Fun Days Parade checking account, there was documentation to support part of the purchase.

Cause – These expenses were paid from separately maintained accounts. The disbursements identified were not approved by the City Council

Effect – Lack of documentation could result in misstatements or misappropriations that may not be prevented or detected and corrected in a timely manner.

Recommendation – The City should ensure proper, adequate documentation is maintained for all disbursements. The documentation should include approval of the claim for payment, such as the Treasurer's initials and date of approval. The Council's regular review of the bills being paid is an important tool to reduce the risk of misappropriation of funds.

Response – We will ensure all expenditures are properly approved and the supporting documentation maintained.

Conclusion – Response accepted.

I-D-09 Separately Maintained Records –

Criteria- Chapter 384.2 of the Code of Iowa states in part that “a city shall keep accounts which show an accurate and detailed statement of all public funds collected, received, or expended for any city purpose.”

City of Tripoli

Schedule of Findings

Year ended June 30, 2009

Part I – Findings Related to the Financial Statements:

MATERIAL WEAKNESSES:

I-D-09 Separately Maintained Records (Continued):

Condition - During the audit, it was noted that a portion of the Ambulance crew funds were not run through the City Clerk's office. A checking account totaling \$3,906.93 was not reflected on the City's financial statements. A separate checking account for the Fun Days Parade Fund was also noted. \$5,780.02 for that account was not reflected on the City's financial statements. The Fire Department also had a checking account, a savings account and certificates of deposit totaling \$7,393.10 that were not reflected on the City's financial statements. The separate accounts were used for expenses not paid from the City's account. The payments from these accounts were not approved by the City Council and many of the disbursements were not properly supported. Adjustments were made to include these accounts in the audited financial statements.

The ambulance and rescue service was established by Chapter 36 of the City's Code of Ordinances. The Fire Department, as a separate Iowa corporation, was dissolved on May 11, 2009 by its Board of Directors. The dissolution was also approved by the City Council on May 18, 2009. The remaining assets have not been transferred to the City.

Cause –Proceeds raised by fundraisers and similar events are often times not considered public funds and may be maintained separate from the City's accounts.

Effect – The City is in violation of Chapters 384.2 of the Code of Iowa. Also misstatements or misappropriations may occur and not be prevented or detected and corrected in a timely manner.

Recommendation –All financial transactions of these accounts should be included in the City Clerk's monthly financial reports. These activities should be subject to City Council review and the City's budget process.

Because public funds are held in these separately maintained accounts which are currently maintained by someone outside of City government, City officials should work with legal counsel to take the steps necessary to move the separately maintained checking and savings accounts and certificates of deposit to the control of the City Clerk and to remove the names of non-city employees from the authorized check signers.

In addition, internal control would be strengthened and operating efficiency could be increased by integrating the receipts and disbursements of these accounts with the City's accounting records in the City Clerk's office.

It is not unusual to establish separate legal organizations which raise funds used to support City activities. Proceeds raised by legally separate organizations are typically from fundraisers and similar events. As a result, the proceeds are not considered public funds and may be maintained separate from the City's accounts. These funds may be used for purchases the City Council does not deem an appropriate use of City funds or for items which may not meet the test of public purpose.

Response – We will work with the City attorney to remedy this situation.

Conclusion – Response accepted.

I-E-09 Fund Balance –

Criteria – Chapter 384.2 of the Code of Iowa states in part that "a city shall keep accounts which show an accurate and detailed statement of all public funds collected, received, or expended for any city purpose." All financial transactions of the City should be recorded in one place. These activities should be subject to City Council review and the City's budget process.

City of Tripoli

Schedule of Findings

Year ended June 30, 2009

Part I – Findings Related to the Financial Statements:

MATERIAL WEAKNESSES:

I-E-09 Fund Balance (Continued):

Condition - The City records receipts and disbursements for each fund on its computer system software. However, the City does not use the computer system software to track fund balances. Monthly reports are prepared using a spreadsheet which summarizes each fund's total receipts and total disbursements and reconciles the beginning fund balance with the ending fund balance.

Adjustments were made to the monthly spreadsheets which were not documented or recorded on the City's computer system software. Therefore, the beginning fund balance plus year to date receipts and minus year to date disbursements did not reconcile with the ending fund balance. This matter was resolved for audit purposes.

Cause – Gaining sufficient knowledge and expertise to properly use the computer system software is difficult and costly.

Effect – Internal control and operating efficiency are reduced by recording the City's financial activity in two separate places. There is an increased possibility of errors occurring and not being detected and corrected in a timely manner.

Recommendation – The City should consider obtaining the necessary training to record all of the financial transactions on the City's computer system software. The City may also look into purchasing accounting software from a different vendor.

In addition, efficiency could be increased by integrating the spreadsheet into the computer system software.

Response – We will investigate the cost and availability of training for the computer system software we have. We will also investigate other computer system accounting software packages.

Conclusion – Response accepted.

I-F-09 Signature on Checks

Criteria –An important aspect of internal control is to establish procedures that provide accountability for assets susceptible to loss from errors or irregularities.

Condition – I noted the Ambulance Crew Chief signed blank checks for the Ambulance Crew Treasurer.

Cause – These checks were written from a separately maintained account. The Board had not designated another individual to sign for the president.

Effect –Misappropriations may occur and not be prevented or detected and corrected in a timely manner. Most individuals would not consider signing their own checks and leaving the rest blank for fear that someone could obtain the check and insert any amount.

Recommendation – City officials should work with legal counsel to take the steps necessary to move the separately maintained checking and savings accounts and certificates of deposit to the control of the City Clerk and to remove the names of non-city employees from the authorized check signers.

Response – We will work with the City attorney to remedy this situation.

Conclusion – Response accepted.

City of Tripoli

Schedule of Findings

Year ended June 30, 2009

Part I – Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCIES:

I-G-09 Investments

Criteria –An important aspect of internal control is to establish procedures that provide accountability for assets susceptible to loss from errors or irregularities. Chapter 384.2 of the Code of Iowa states in part that “a city shall keep accounts which show an accurate and detailed statement of all public funds collected, received, or expended for any city purpose.”

Condition – A detailed investment register was not maintained for the fiscal year. At June 30, 2009, certificates of deposit were understated by \$2,280 due to interest receipts not being recorded and separately maintained accounts being kept outside of the city clerk's office.

Cause – Because the City does not use the computer system software to track fund balances the financial transactions of the City aren't recorded in one place. This separation of records has allowed errors to occur and not be detected. The City has relied on the independent auditor to some degree to provide assurance the financial statements, including adjusted balances and disclosures, are not materially misstated.

Effect –Misstatements or misappropriations may occur and not be prevented or detected and corrected in a timely manner.

Recommendation – A detailed investment register should be maintained by an individual not having custody of the investments. Also, the investment register, including interest receipts, should be periodically reconciled with the accounting records by an independent person.

Response – A register will be maintained and reconciled quarterly.

Conclusion – Response accepted.

I-H-09 Information Systems

Criteria –An important aspect of internal control is to establish procedures for computer based systems that provide reasonable assurance regarding the achievement of objectives in the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

Condition – 1) The City's computer system does not have an automatic log-off set up for when it is left unattended for a period of time. Upon log-off the user should have to again enter a password to re-access information.
2) The City does not have a written disaster recovery plan.

Cause – The City recognized the need for password protection but not the extra step.

Effect –Misstatements or misappropriations may occur and not be prevented or detected and corrected in a timely manner.

Recommendation – Written policies should be developed addressing the above information system issues in order to improve the control over computer based systems.

Response –. We will draft computer policies designed for the City's work environment.

Conclusion – Response accepted.

City of Tripoli

Schedule of Findings

Year ended June 30, 2009

Part I – Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCIES:

I-I-09 1099 Forms

Criteria – The Internal Revenue Service requires 1099 forms to be filed for anyone who receives compensation in excess of \$600 per calendar year for their services.

Condition – The City did not file 1099 forms with the Internal Revenue Service for those members of the Fire Department and Ambulance Service receiving pay for their services in excess of \$600.

Cause – These payments were made from the separately held Fire Department and Ambulance Service accounts instead of being made through the Clerk's office.

Effect – Individual's income is not reported correctly

Recommendation – The City should ensure all recipients receiving pay for services in excess of \$600 receive a 1099 form as required by the Internal Revenue Service.

Response – We will ensure these forms are properly filed and the documentation maintained.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

Part II: Other Findings Related to Statutory Reporting:

II-A-09 Certified Budget – Disbursements during the year ended June 30, 2009 exceeded the amount budgeted in the public safety and culture and recreation functions. Chapter 384.20 of the Code of Iowa states, in part, "Public monies may not be expended or encumbered except under an annual or continuing appropriation."

Recommendation – The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – The budget will be amended in the future, if applicable.

Conclusion – Response accepted.

II-B-09 Questionable Disbursements – Section 384.3 of the Code of Iowa states, in part, "All moneys received for city government purposes from taxes and other sources must be credited to the general fund of the city." As previously stated, these activities are part of the City and, therefore, all monies received are subject to section 384.3 of the Code of Iowa. It is possible for such disbursements to be considered appropriate under certain circumstances, although such items will certainly be subject to a deserved close scrutiny. The line to be drawn between a proper and an improper purpose is very thin. Adequate documentation is vital to support the public purpose of each transaction. However, generally alcohol should not be purchased with City funds, unless the Council can document a public purpose served by the purchase.

City of Tripoli

Schedule of Findings

Year ended June 30, 2009

Part II: Other Findings Related to Statutory Reporting:

II-B-09 Questionable Disbursements (Continued):

The disbursements identified were not approved by the City Council and the public purpose was not documented.

There were many disbursements I believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979. They are detailed as follows:

Paid from the Fire Department Separate Account

<u>Vendor</u>	<u>Purpose</u>	<u>Amount</u>
Kortbein's Market	F-Picnic	\$154.25
Dean Mirs	Chilli	61.13
Fareway	Stag Meat	144.18
HyVee	F-Stag Food	202.11
Dan Kalkbrenner	Rich Milius Watch – 25 years	227.38
Schemmel's Grocery	Stag Night	66.98
Dean Mirs	Stag Night Food	67.38
Tripoli Fire Department	Stag Night Beer and Booze	128.00
Dean Mirs	Soup at Meeting	24.41
Dean Mirs	Chilli for County Meeting	39.25
Kortbein's Market	Bottled Water	16.47
Kortbein's Market	Fish	38.34
Kortbein's Market	Fish Meeting Night	20.00
Cash withheld from a deposit	Unknown	30.00

Paid from the Ambulance Separate Account

<u>Vendor</u>	<u>Purpose</u>	<u>Amount</u>
Guppy's on the Go (Casey's)	Pizza	\$68.44
Madeleine Ambrose	Candy/Pop for Tripoli Parade	120.00
Veno's	Pizza	66.00
Madeleine Ambrose	Pop	26.00
Market	Unknown	29.07
Guppy's on the Go (Casey's)	Pizza	68.44
Market	Unknown	28.30
Veno's	Pizza	78.25
Market	Unknown	20.30
Madeleine Ambrose	Quarter/Pop/Supplies	185.00
Madeleine Ambrose	Supplies	30.00
Madeleine Ambrose	Flowers/Supplies	65.00
Veno's	Pizza	59.50
Madeleine Ambrose	Pop	25.00
Veno's	Pizza	90.00
Madeleine Ambrose	Pop	50.00
Guppy's on the Go (Casey's)	Pizza	83.14
Guppy's on the Go (Casey's)	Pizza	81.44
Madeleine Ambrose	Pop-EMT Class	55.00
Madeleine Ambrose	Pop April	41.00
Madeleine Ambrose	Candy-Readlyn Parade	97.41
Veno's	Pizza	71.75
Madeleine Ambrose	Quarter/Pop/PS	160.00
Madeleine Ambrose	Keith Leland-Applebees Gift Card	50.00

City of Tripoli

Schedule of Findings

Year ended June 30, 2009

Part II: Other Findings Related to Statutory Reporting:

II-B-09 Questionable Disbursements (Continued):

Paid from the Fun Days Parade Separate Account

Vendor	Purpose	Amount
The Wild Rose	Flowers for Miss Tripoli	48.16
Donna Sassmann	Tiara for Miss Tripoli	18.19
Jean Ranard	Miss Tripoli	99.57
Laser Tag Rental Services	Laser Guns	114.00
Beaver Creek Bluegrass	Unknown	250.00
Donna Herold	Unknown	16.73
Country Cloggers	Unknown	75.00
The Wild Rose	Miss Tripoli	38.52
Kortbein's Market	Unknown	7.10
Julie Root	Fiesta Supplies	188.36
Wayne Gilbert	Breakfast Supplies	99.10
Kortbein's Market	Breakfast Supplies	343.61
Marlene Snelling	Miss Tripoli	190.53
Jean Ranard	Miss Tripoli	35.56

Recommendation – The City should determine and document the public purpose served by these disbursements before authorizing any further payments. If this practice is continued, the City should establish written policies and procedures, including the requirements for proper documentation. The City should also consult with their attorney regarding these transactions.

Response – We will comply with this recommendation.

Conclusion – Response accepted.

II-C-09 Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

II-D-09 Business Transactions – There were many business transactions between the City and City officials or employees. They are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Madeleine Ambrose, Council member and member of the ambulance crew	Fees for ambulance service	\$499.00
	Supplies	779.41
	Total	\$1,278.41
Randy Kirchhoff, Council member and member of the fire department		\$87.00
Denis Ducker, Mayor is employed by Dick's Petroleum and Nate Moeller Construction	Supplies from Dick's Petroleum	\$15.00
	Repairs from Dick's Petroleum	62.05
	Remodel City Hall by Nate Moeller Construction	10,080.00
	Sidewalk repairs by Nate Moeller Construction	595.00
	Snow removal by Nate Moeller Construction	1,650.00
	Total	\$12,405.05

City of Tripoli

Schedule of Findings

Year ended June 30, 2009

Part II: Other Findings Related to Statutory Reporting:

II-D-09 Business Transactions (Continued):

In accordance with Chapter 362.5(10) of the Code of Iowa, the transactions with the Council Members do not appear to represent conflicts of interest since total transactions with each individual were less than \$1,500.00 during the fiscal year. The Nate Moeller Construction transactions with the Mayor do not appear to represent a conflict of interest since they were entered into through competitive bidding. The Dick's Petroleum transactions with the Mayor do not appear to represent a conflict of interest since total transactions were less than \$1,500.00 during the fiscal year.

II-E-09 Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

II-F-09 Council Minutes – The transactions I found that I believe should have been approved in the Council minutes but were not were all of the transactions I tested from the separately held accounts.

Recommendation – All transactions should be approved by the Council before payment.

Response – We will work with our attorney to remedy this situation. Additional information regarding this situation is in item I-D-09.

Conclusion – Response accepted.

II-G-09 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.

II-H-09 Property Tax Levied and Collected in Error – During the year ended June 30, 2005, The City sold \$745,000 of General Obligation Street Improvement and Refunding Notes. \$82,000 of this was for refunding Urban Renewal Tax Increment Revenue Bonds.

According to the City's certified budgets, the City began levying a debt service levy for the full \$745,000 and a tax increment finance levy for the \$82,000 portion for the year ended June 30, 2006 and continued to levy for both through the year ended June 30, 2009.

As a result, the District levied and collected \$36,871 of property tax for debt service in excess of the amount required. This amount does not include debt service levied but not yet collected. In addition, collections of \$11,870 were received for fiscal year 2010.

Recommendation – The City should consult with their attorney regarding this issue. The City should amend the fiscal year 2011 budget to correct this issue.

Response – We will work with our attorney, the Department of Management and the Bremer County Auditor to resolve this issue.

Conclusion – Response accepted.

City of Tripoli

Schedule of Findings

Year ended June 30, 2009

Part II: Other Findings Related to Statutory Reporting:

- II-I-09 Financial Condition – The Special Revenue, Employee Benefit Levy Fund had a deficit balance at June 30, 2009 of \$27,167. The Capital Projects, 2005 Street Improvement Project Fund had a deficit balance at June 30, 2009 of \$34,122.

Recommendation – The City should investigate alternatives to eliminate these deficits in order to return these funds to a sound financial position.

Response – We will make the necessary transfers to eliminate the deficits.

Conclusion – Response accepted.

- II-J-09 Electronic Check Retention – Chapter 554D.114 of the Code of Iowa allows the City to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The City retains cancelled checks through electronic image, but does not obtain an image of the back of each cancelled check as required.

Recommendation – The City should obtain and retain an image of both the front and back of each cancelled check as required.

Response – The City will obtain and retain images of both the front and back of cancelled checks as required.

Conclusion – Response accepted.

- II-K-09 Bond Proceeds – The proceeds of the bond issue were recorded at net of costs. GASB 34, paragraph 87 requires debt costs to be reported as an expenditure.

Recommendation – The City should adopt procedures to record debt costs as expenditures in the future.

Response – The City will adopt procedures to record debt costs as expenditures in the future.

Conclusion – Response accepted.

- I-L-09 Revenue Bonds and Notes – No instances of non-compliance with the revenue bond and note resolutions were noted.